

Message Text

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ACTION OES-02

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6754

AMEMBASSY BONN

AMEMBASSY ISLAMABAD

AMMBASSY LONDON 1106

AMEMBASSY NEW DELHI

USMISSION EC BRUSSELS

USMISSION IEAE VIENNA

C O N F I D E N T I A L OTTAWA 2291

E.O. 11652: GDS

TAGS: TECH, PK, CA

SUBJECT: CANADIAN NUCLEAR COOPERATION WITH PAKISTAN

LIMDIS

REF: BONN 9594; ISLAMABAD 5529; OTTAWA 2282

1. INFORMATION WHICH HAS BEEN AVAILABLE HERE FOR SOME TIME AND WAS RECENTLY CONFIRMED IN CONFIDENTIAL STATEMENTS BY SENIOR CANADIAN OFFICIALS PREPARING FOR RECENT LONDON SUPPLIERS' CONFERENCE, INDICATES

THAT THERE MAY BE TWO SIDES TO MUNIR KHAN'S INTEREST IN LWR'S AS OUTLINED IN BONN REFTL. THE VIEW FROM THE OTTAWA END OF THE TELESCOPE IS ROUGHLY AS FOLLOWS:

A. APPARENTLY CANADIANS HAVE INFORMED GOP THROUGH SOME CHANNEL THAT THEY CANNOT CONSIDER SELLING ANOTHER CANDU TO PAKISTAN IF THE FRENCH REPROCESSING PLANT DEAL GOES THROUGH. EVIDENTLY HOLDUP OF SHIPMENT OF EQUIPMENT FOR FUEL FABRICATION FACILITY
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WAS ORDERED TO GIVE CONCRETE SUBSTANCE TO CANADIAN INTENTIONS.

THESE TWO ACTIONS HAVE, NO DOUBT, MADE CANADIAN INTENTIONS
CLEAR TO KHAN.

B. QUITE ASIDE FROM PERSONAL INCONVENIENCES OCCASIONED BY THE
EVACUATION NECESSITATED BY INDO-PAK HOSTILITIES AND NORMAL PROBLEMS
ASSOCIATED WITH CONSTRUCTING A COMPLEX NUCLEAR POWER REACTOR IN
A DEVELOPING COUNTRY, CANADIAN MANAGEMENT PERSONNEL WHO HAVE BEEN
ASSOCIATED WITH KANUPP ARE REMARKABLY CRITICAL OF CONDITIONS IN
PAKISTAN AND SKEPTICAL OF PAKISTAN'S ABILITY TO OPERATE FACILITY
WITHOUT A WHOLE SERIES OF OPERATIONAL PROBLEMS SIMILAR TO THE
HEAVY WATER LEAK REFERRED TO IN REFTELS. AS A RESULT, AECL,
AS THE SUCCESSOR TO CGE IN SELLING TO PAKISTAN, DOES NOT APPEAR
TO BE AT ALL KEEN TO PUSH ADDITIONAL SALES TO PAKISTAN EVEN IF
SAFEGUARDS AND CREDITS COULD BE ARRANGED. THIS DOES NOT REPEAT NOT
REPRESENT ANY LESSENING IN CANADIAN INTEREST IN THE INTERNATIONAL
MARKET BUT SIMPLY A HARDHEADED DECISION THAT THERE ARE OTHER MORE
PROMISING CUSTOMERS.

C. FINALLY, IT SHOULD BE RECOGNIZED THAT NUCLEAR INDUSTRY MANAGEMENT
ATTITUDES VIS-A-VIS PAKISTAN AS OUTLINED IN ABOVE COULD COME
INTO CONFLICT WITH PRIME MINISTER'S STRONG STANCE THAT IT WOULD BE
"MORALLY WRONG" TO WITHHOLD NEEDED NUCLEAR TECHNOLOGY FROM A
DEVELOPING COUNTRY. IF CANADA WERE FACED WITH A CHOICE, HOWEVER,
BETWEEN PAKISTAN AND A PAYING CUSTOMER OR ONE IN A LESS TROUBLED
PART OF THE WORLD THAT WAS A BETTER CREDIT AND POLITICAL RISK, WE
HAVE GREAT FAITH THAT THE GOC COULD FIND RATIONALIZATION FOR
GOING WITH THE LATTER.
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